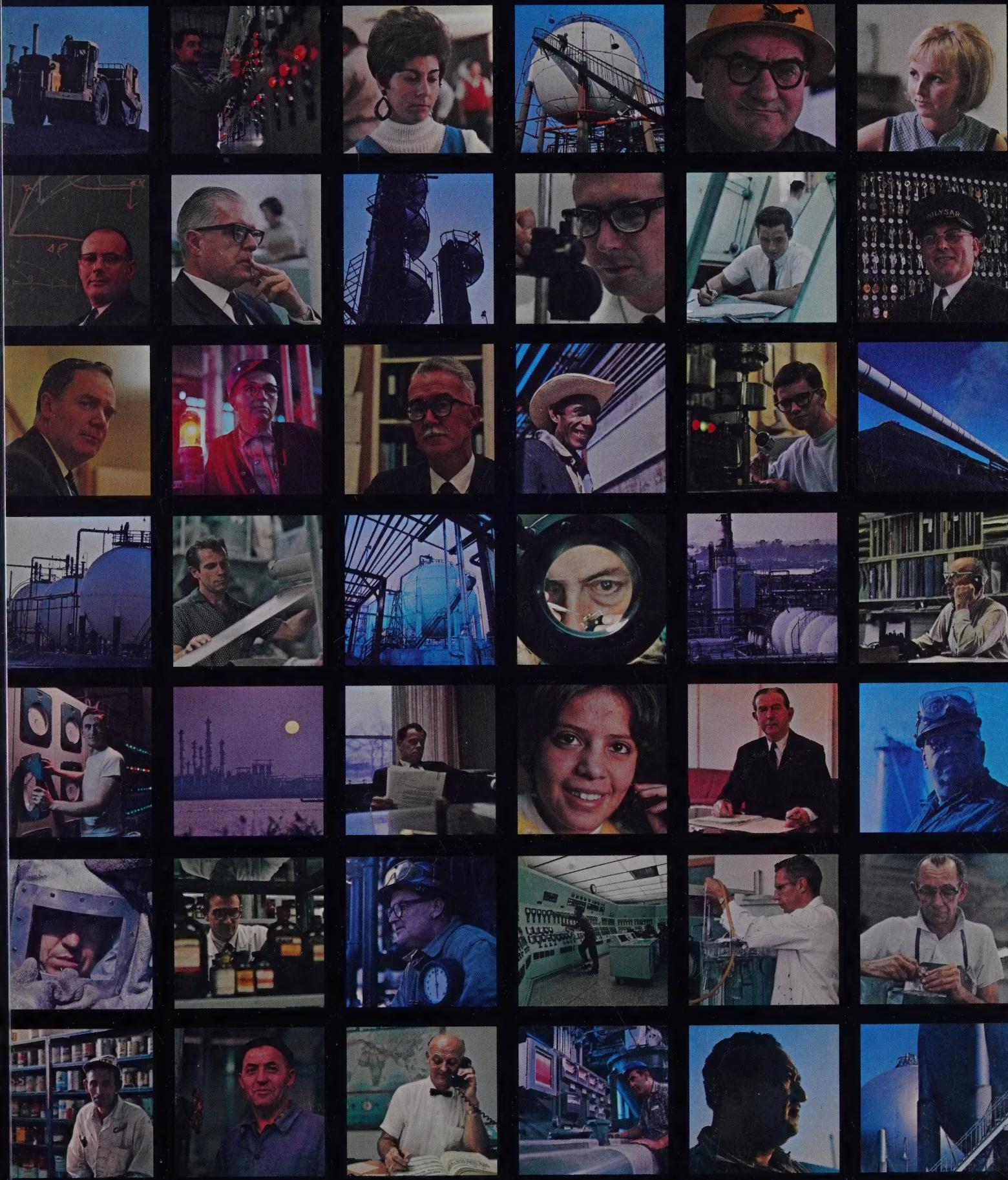
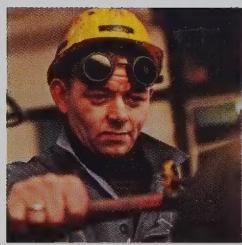


Polymer Corporation Limited / Annual Report 1966

POLYSAR



Polymer Corporation Limited**Annual Report 1966****The year in brief**

Polymer completes its twenty-fifth year.
 Record net income of \$11.2 million.
 Capital expenditures reached new high
 of \$26.3 million.
 Major new facilities under construction
 in Sarnia and Strasbourg.
 More new products and new markets.
 Polymer pavilion at Expo 67 highlights
 man's curiosity.
 Strong long-term Polymer growth seen
 in a rapidly changing world.

Financial highlights

(Thousands of dollars)

	1966	1965
Net sales and other income	127,538	117,503
Net income	11,221	10,303
Dividends	4,500	4,500
Provision for income tax	2,328	2,584
Provision for depreciation	8,658	8,829
Working capital	42,315	51,958
Plant and equipment at cost	187,960	163,008
Capital expenditures	26,338	8,877
Total payroll and benefits	29,578	25,621

Le présent rapport a été publié en anglais et en français. Si vous désirez recevoir le rapport en français, veuillez écrire au: Secrétaire, Société Polymer Limitée, Sarnia, Ontario, Canada.



Fraser W. Bruce



J. A. Hodgson



Eugène Laflamme



W. Ladyman



C. A. Massey



W. Harold Rea



F. H. Sherman



Ron W. Todgham



E. R. Rowzee



E. J. Buckler



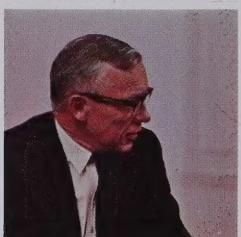
L. D. Dougan



R. E. Hatch



I. C. Rush



S. Wilk



G. Bracewell



W. J. Dyke

Polymer Corporation Limited/Head Office: Sarnia, Ontario, Canada

Directors

Fraser W. Bruce
J. A. Hodgson
W. Ladyman
Eugène Laflamme
C. A. Massey
W. Harold Rea
E. R. Rowzee
F. H. Sherman
Ron W. Todgham

Officers

E. R. Rowzee,
President and
Managing Director
E. J. Buckler,
Vice President
L. D. Dougan,
Vice President
R. E. Hatch,
Vice President
I. C. Rush,
Vice President
S. Wilk,
Vice President,
G. Bracewell,
Treasurer
W. J. Dyke,
Secretary and
Chief Legal Officer

Subsidiary companies

Polysar International S.A.
91, rue de Lausanne
P.O. Box 165, 1701 Fribourg, Switzerland.
Polymer Corporation (SAF)
B.P. No. 7, La Wantzenau (Bas-Rhin), France.
Plant Site: La Wantzenau.
Polysar Nederland N.V.
Rokin 84, Amsterdam-C
The Netherlands.
Polysar Belgium N.V.
P.O. Box 347, Antwerp, Belgium.
Plant Site: Zwijndrecht.
Kayson Plastics & Chemicals Limited
P.O. Box 185
Preston, Ontario, Canada.
Polysar Italiana S. p. A.
Via A. Bordoni 30
Milan, Italy.

Participation in other companies

Hules Mexicanos S.A. (40%)
Mexico 5, D.F.
The Synthetic Rubber Company (Pty.) Limited (20%)
South Africa.
Société des Latex S.A. (50%)
P.O. Box 165
1701 Fribourg, Switzerland.

Report of the President



*E. R. Rowzee, President
and Managing Director.*

The Honourable C. M. Drury,
P.C., C.B.E., D.S.O., Q.C., M.P.,
Minister of Industry

Dear Sir:

On behalf of the Board of Directors of Polymer Corporation Limited, I take pleasure in submitting the Annual Report of the operations of the Company and its subsidiaries, together with the Consolidated Statement of Income and Expense, the Consolidated Balance Sheet, and the Auditor's Report for the year ended December 31, 1966.

Review of 1966 Polymer's twenty-fifth year was marked by a record performance from existing facilities and heavy capital expenditures, including major new units still under construction at year-end. Net income was \$11.2 million on sales which reached \$127 million, including those of Kayson Plastics and Chemicals Limited, acquired early in the year. A new collective agreement was reached with the Union at the Sarnia plant, effective until May 31, 1968.

Earnings kept pace with the increased sales, but results were affected by a number of significant offsetting factors. While the overall sales volume and product mix were satisfactory, prices for certain product lines again declined in some market areas. On the production side, the total volume of rubbers and resins reached 593 million pounds. The continuing emphasis on cost performance achieved a number of significant improvements, but these were largely offset by the rising cost of doing business, including the substantial increase in salaries and wages which occurred during the year. Increased research, administrative and marketing costs reflect expanded activity in these areas in accordance with the Company's growth objectives. As in 1965, income taxes were substantially reduced by Canadian tax incentives for increased spending on research. Similar benefits are expected to be lower in 1967.

Results are also being affected unfavourably by local government actions in certain export markets. Although the United Kingdom import surcharge was removed late in the year, it is expected that the current deflationary measures may adversely affect total rubber consumption in that country for the near-term. Also,

during the year, the Australian government moved to protect its domestic synthetic rubber industry through prohibitive tariffs which effectively eliminate essentially all imports of general purpose grades.

Capital expenditures were at the record level of \$26.3 million. The new styrene unit in Sarnia is progressing and will be completed in 1967. Facilities for producing benzene, the principal styrene ingredient, are also underway. This unit will convert by-product light oils from steel plant coking operations into high purity benzene for the new styrene unit. A number of significant Sarnia projects were completed during the year, including additional latex storage capacity, a product applications laboratory and major expansions of the Research facilities and the ABS resin plant. About mid-year, work began on major Strasbourg facilities for latex and styrene-butadiene rubbers to serve the growing European demand. These, together with the existing specialty rubber unit, will bring the French plant to an annual capacity of 100 thousand long tons.

This current rapid growth is being financed by internal cash generation, which rose to \$23.0 million in 1966, augmented by increased long and short-term borrowings. The increase in short-term debt is reflected in a reduction of working capital from the level of 1965.

It is with a deep sense of loss that I record the death, in July, of Mr. Joseph Connolly who had been a Director of the Company since 1961. Mr. Connolly was an outstanding individual whose warmth and vitality gained the respect of his many friends at Polymer. His positive interest in the progress of the Company was a marked contribution during his years of service on the Board.

It is a pleasure to note the appointment of Mr. William Ladyman to the Board in October. Mr. Ladyman is International Vice President of the International Brotherhood of Electrical Workers and Vice President of the Canadian Labour Congress. In addition to being active in the educational sphere, he also serves as a member of the Economic Council of Canada.

Twenty-five Years of Growth As the Company completes its twenty-fifth year, it is appropriate to review briefly Polymer's development since it was incorporated on February 13, 1942 to help meet the threat of a wartime rubber shortage. In the early post-war years, the Company faced a period of important changes. With a then small domestic market, success as a profitable enterprise hinged on the development of a strong export market and an assured flow of basic technical knowledge. To meet this challenge, Polymer diversified its line of products and promoted their use, together with the required new techniques, in Europe and elsewhere in the world. The establishment of an international distributor system and development of a strong technical service organization were essential features of Polymer's penetration of the export market. The other significant step in this period was the formation of a vitally needed research and development organization.

During these early years, virtually all synthetic rubber capacity was in North America, which consumed more

than half of its production and supplied the world markets with the remainder. Since then, the pattern has changed considerably. The rate of North America growth in rubber consumption, though strong, was outstripped by the vigorous expansion in Europe and the rapid industrialization in developing countries. Local synthetic rubber producers became established in many countries, and the United States plants, after their sale to private interests, looked increasingly to the growing overseas markets to utilize their surplus capacity.

In this environment, location factors became critical to remaining competitive in many markets. Therefore, over the last five years, in addition to growth in Canada, Polymer has established a butyl plant in Belgium and a specialty rubber plant in France which is being expanded to produce styrene-butadiene grades and a broader range of latices. Each of these plants not only supplies its own products, but also strengthens the position of the other Polymer companies in these market areas. The desire of many countries to have an internal synthetic rubber supply led to Polymer's minority participation in plants in South Africa and Mexico. During this period, the Company's world-wide marketing effort was strengthened by the establishment of Polysar International, S. A., in Switzerland, to co-ordinate all corporate export marketing activities and provide improved customer service.

For most of its history, Polymer has supplied approximately ten percent of the world's synthetic rubber needs outside of Eastern Europe, and is one of the largest and most diversified producers in the world. Research and technical development have played key roles in maintaining this position. In addition to constant improvement and development of existing rubbers and their technologies, the Company has had notable success in introducing new processes and products on a commercial scale and in the progressive development of manufacturing processes. This internal development has been augmented by licensing of processes from other companies as a realistic approach to growth. A further factor has been the steady expansion of Polymer's range of products to meet the increasing complexity of market needs. For example, the progressive merging of the spheres of rubbers and plastics made logical the recent diversification into plastics manufacture, with the building of an ABS resin plant, and acquisition of Kayson Plastics and Chemicals Limited.

The growth of Polymer to its present position, although measured in physical terms, is really a story of the contribution of people. In another section of the Annual Report, we pay tribute to the world-wide family of Polymer people for what has been achieved. In addition, I would like to express my personal appreciation not only to employees both past and present, but also to our distributor organization which has played a vital role in Polymer's world-wide marketing activities. Polymer's close relationships with customers in Canada and around the world, including many who have continued from the Company's early days, have been mutually beneficial, and have been fundamental to the Company's success.

Outlook In the coming year, there are indications of some levelling-off of the recent unusually high economic growth experienced in North America and other markets. However, even this slower growth will still provide a strong demand for the Company's products. Polymer's results for the near-term will respond to these external conditions and will be affected by start-up costs of the major new units coming on stream.

Increasingly rapid technological and market changes make precise predictions concerning the future hazardous. However, certain long-term trends may be noted. Rubber consumption is a reliable indicator of economic strength, so it is logical to expect rubber demand to parallel the economic growth which is expected to continue at a rapid pace throughout the world. We believe this will be accompanied by a continued trend toward more uniform distribution in the world of both consumption and production of synthetic rubber. Although synthetic rubber will continue to dominate the total rubber consumption picture, concerted efforts by natural rubber producers to improve yields and reduce costs will make it a strong competitor in many applications. However, perhaps the most dominant factor will be the rapid changes in technology and market demands which are now being felt and which will accelerate.

All of these factors have a direct bearing on Polymer's future course. Rising demand for its products will require new and expanded facilities. The trend toward locating plants close to major markets will mean expansion of our present plants, and construction of new plants in other growing areas. The policy of some developing countries to have an internal synthetic rubber supply should provide opportunities for Polymer to participate in these plants. However, despite the trend toward more dispersed facilities, we confidently expect our operations in Canada to grow, and to remain strongly export-oriented.

The Company's fast changing environment will require a balance of skill in innovation, adaptation and diversification. The recent substantial outlays in the areas of research and the development of products and their applications, as well as entry into the plastics field, to name a few, demonstrate Polymer's determination not only to adapt to change but to promote it.

In its first twenty-five years, the Company has established itself as a leader in the industry. At the same time, the Company has formed a strong base to meet the challenge of the future. We look forward to this future convinced of the ability and determination of our people to make Polymer's second twenty-five years even more successful than the first.

Submitted on behalf of the Board of Directors.

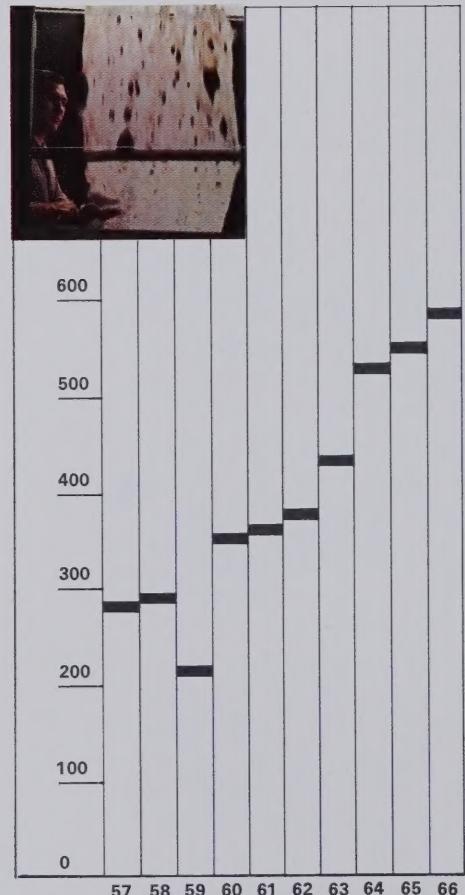


President and Managing Director

Sarnia, Ontario,
February 13, 1967

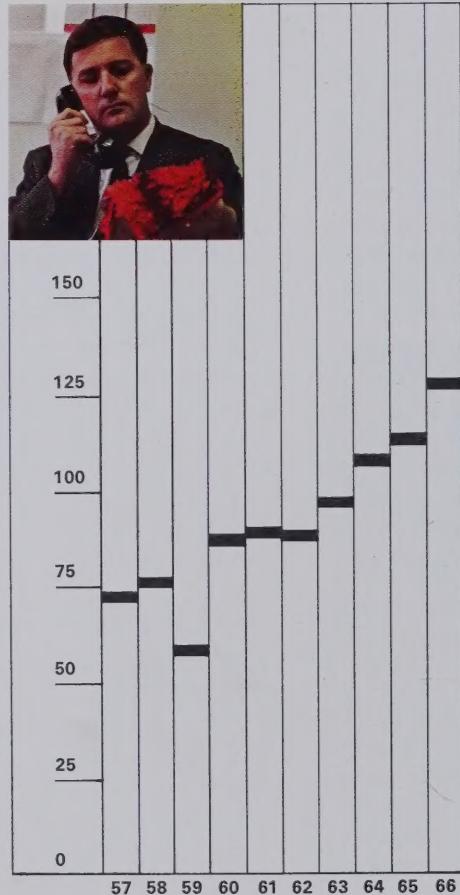
Total Production

in millions of pounds



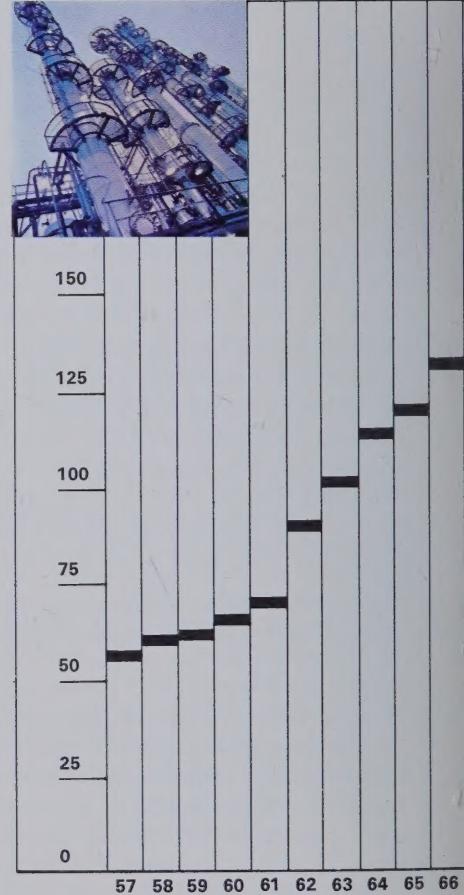
Sales

in millions of dollars



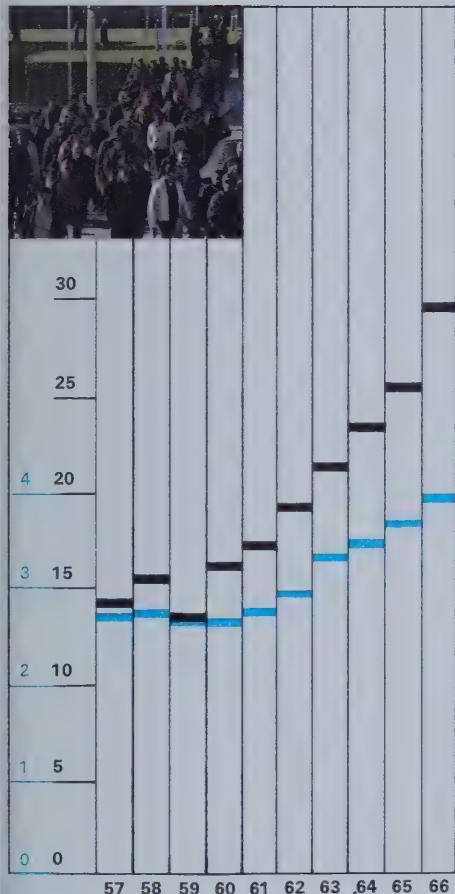
Net Assets

in millions of dollars



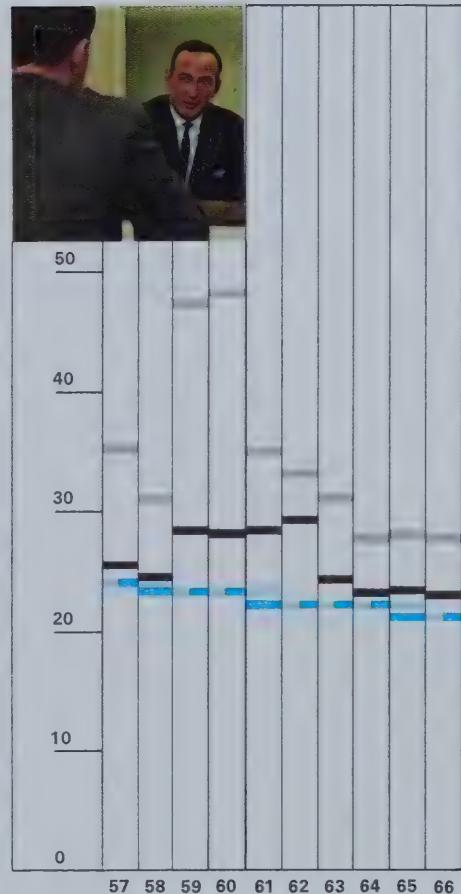
Payroll and Employment

 number of employees at year end
 in thousands of employees
 payroll and employee benefits
 in millions of dollars



Rubber Prices

High and low, in cents per pound Canadian funds
 Canadian delivered price of Polysar KRYLENE
 high  low
 New York spot price of natural rubber
 high  low

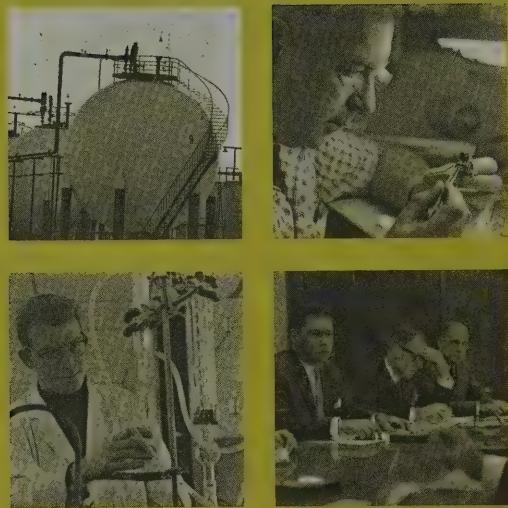


World New Rubber Consumption

thousands of long tons

 synthetic rubber
 natural rubber
 total rubber





Polymer Corporation Limited and subsidiary companies

Consolidated statement of income and expense

for the year ended December 31, 1966

Income	1966	1965
Net sales of products and services	\$126,778,203	\$116,709,002
Other income	760,167	794,044
	<u>127,538,370</u>	<u>117,503,046</u>
Expense		
Cost of sales	102,605,672	95,393,793
Selling, administrative and research	11,391,443	9,194,567
	<u>113,997,115</u>	<u>104,588,360</u>
Net income before provision for income tax	13,541,255	12,914,686
Provision for income tax (Note 2)	2,328,392	2,584,000
	<u>11,212,863</u>	<u>10,330,686</u>
Net income before minority shareholder interest	8,212	28,063
Minority shareholder's interest in subsidiary company	<u>8,212</u>	<u>28,063</u>
Net Income	<u>\$ 11,221,075</u>	<u>\$ 10,302,623</u>

Consolidated statement of retained earnings

for the year ended December 31, 1966

Balance at beginning of year	\$ 66,244,626	\$ 60,442,003
Net income for the year	11,221,075	10,302,623
	<u>77,465,701</u>	<u>70,744,626</u>
Dividends declared	4,500,000	4,500,000
Excess of cost of shares in subsidiary company over book value of net assets at date of acquisition	2,646,878	
Balance at end of year	<u>\$ 70,318,823</u>	<u>\$ 66,244,626</u>

The accompanying notes are an integral part of the financial statements.

Polymer Corporation Limited and subsidiary companies

	Assets	1966	1965
Current			
Cash	\$ 1,464,376	\$ 779,553	
Short term investments		2,312,407	
Accounts receivable, less allowance for doubtful accounts	45,241,942	42,419,627	
Inventories, at lower of cost or market:			
Finished products	13,776,331	12,603,149	
Prime materials and intermediate products	5,998,877	5,347,769	
Coal	2,564,122	1,809,214	
Operating and maintenance supplies	6,868,700	6,776,865	
	29,208,030	26,536,997	
Total current assets	75,914,348	72,048,584	
Investment in other companies at cost	6,528,012	4,296,840	
Fixed			
Land, buildings and equipment at cost	187,960,116	163,007,507	
Less accumulated depreciation	112,539,186	102,844,789	
	75,420,930	60,162,718	
Deferred charges	5,808,596	4,842,925	
	\$163,671,886	\$141,351,067	

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board
 E. R. Rowzee, *Director*
 R. W. Todgham, *Director*

Consolidated balance sheet as at December 31, 1966

Liabilities		
Current	1966	1965
Short term loans	\$ 11,086,885	\$ 3,863,531
Accounts payable and accrued liabilities	18,872,773	13,610,767
Income and other taxes payable (Note 2)	974,017	1,184,650
Long term debt due within one year	2,665,025	1,431,625
Total current liabilities	33,598,700	20,090,573
Deferred income tax (Note 2)	7,366,600	4,710,000
Long term debt (Note 3)	21,957,592	20,087,735
Equity of minority shareholder in subsidiary company.	430,171	218,133
	63,353,063	45,106,441
Shareholders' equity		
Capital stock:		
Authorized		
3,000,000 common shares of no par value		
Issued		
2,000,000 common shares fully paid	30,000,000	30,000,000
Retained earnings	70,318,823	66,244,626
	100,318,823	96,244,626
	<u>\$163,671,886</u>	<u>\$141,351,067</u>

I have examined the above consolidated Balance Sheet and the related consolidated Statement of Income and Expense and have reported thereon under date of February 13, 1967 to the Minister of Industry.

A. M. Henderson
Auditor General of Canada

Polymer Corporation Limited and subsidiary companies

Notes to Financial Statements

1. Basis of Consolidation and Exchange Translation: The consolidated financial statements reflect the financial position and the results of operations of Polymer Corporation Limited and its subsidiary companies, Polymer Corporation (SAF), Polysar Belgium N.V., Polysar International S.A., Polysar Italiana S.p.A., Polysar Nederland N.V. and Kayson Plastics & Chemicals Limited. Translation of foreign currencies into Canadian dollars has been effected as follows: current assets and current liabilities at rates of exchange in effect on December 31; all other assets and liabilities at the rates prevailing when the assets were acquired or the liabilities incurred; and income and expense at average rates in effect during the year except depreciation which was translated at the rates prevailing when the expenditures on the related fixed assets were made.

2. Depreciation and Income Tax: Depreciation is based on the expected useful life of the companies' assets. The Canadian companies claim capital cost allowance permitted under the Income Tax Act in calculating taxable income and as a result, in the current year, \$2,613,000 has been carried to the "Deferred Income Tax" account on the Balance Sheet. This account will be reduced in future periods if depreciation exceeds capital cost allowances claimed for income tax purposes.

3. Long-term Debt: Polymer Corporation (SAF): Loans total Fr. 43,000,000 (\$9,461,930) and are repayable in French francs during the years 1967-1973. With the exception of Fr. 26,280,000 (\$5,787,729), the loans are guaranteed by Polymer Corporation Limited.

Polysar Belgium N.V.: A loan of Fr. 450,000,000 (\$9,729,000), guaranteed by the parent company and secured by a mortgage on land and buildings, is repayable in Belgian francs during the years 1969-1977.

Polymer Corporation Limited: A loan of U.S. \$5,000,000 (\$5,400,000) is repayable in United States dollars in equal annual instalments during the years 1969-1973.

Kayson Plastics & Chemicals Limited: A loan of \$31,687, secured by a mortgage on land and buildings, is repayable during the years 1967-1972.

4. Commitments: It is estimated that the Company and its subsidiaries will spend \$27,044,000 next year on investments and acquisition of capital assets.

5. Supplementary Information: The accounts for 1966 include the following amounts: depreciation, \$8,658,179; remuneration of directors as directors, officers or employees, \$323,450; and interest on long-term debts, \$854,175.

Auditor's report

Ottawa, February 13, 1967.

The Honourable C. M. Drury,
Minister of Industry, Ottawa.

Sir,

I have examined the accounts and financial statements of Polymer Corporation Limited and its subsidiary companies for the year ended December 31, 1966. In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Company and its subsidiaries;
- (b) the financial statements of the Company and its subsidiaries
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the consolidated balance sheet, give a true and fair view of the state of the affairs of the Company and its subsidiaries as at the end of the financial year, and
 - (iii) in the case of the consolidated statement of income and expense, give a true and fair view of the income and expense of the Company and its subsidiaries for the financial year; and
- (c) the transactions of the Company and its subsidiaries that have come under my notice have been within the powers of the Company and its subsidiaries under the Financial Administration Act and any other Act applicable to the Company and its subsidiaries.

Yours faithfully,

A. M. Henderson.
Auditor General of Canada

Consolidated statement of source and application of funds

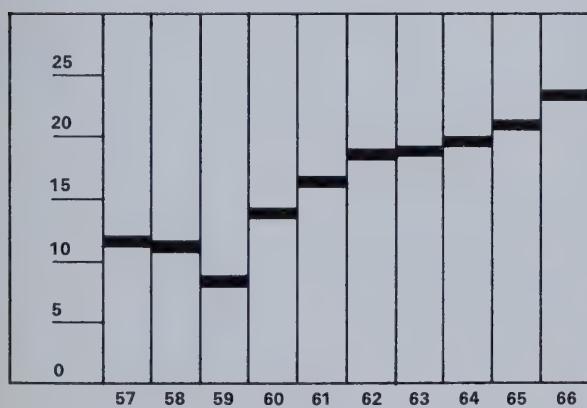
for the year ended December 31, 1966

Source of Funds:

	1966	1965
From operations		
Net income	\$11,221,075	\$10,302,623
Depreciation and other items not requiring a current outlay of funds . . .	11,789,267	10,246,875
Recovery of French sales taxes	998,141	
	23,010,342	21,547,639
Long term loans	4,529,248	
Capital stock issued	220,250	
Realized from sale of capital assets	190,749	241,715
	27,950,589	21,789,354
Application of Funds:		
Capital expenditures	26,338,312	8,877,254
Deferred charges	1,448,371	509,163
Reduction of long term debt	2,659,391	1,431,625
Dividends declared	4,500,000	4,500,000
Excess of cost of shares in subsidiary company over book value of net assets at date of acquisition	2,646,878	
	37,592,952	15,318,042
Change in Working Capital	\$ 9,642,363	\$ 6,471,312
	Decrease	Increase

Cash Generation

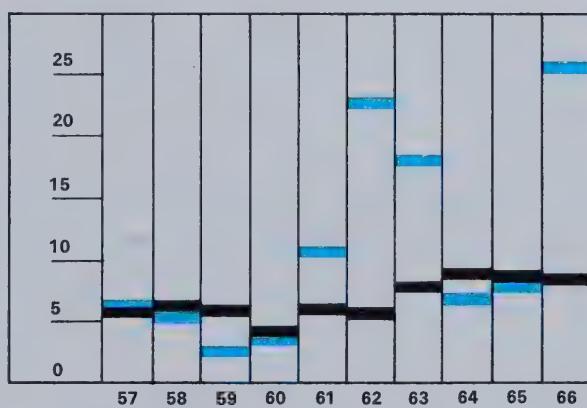
in millions of dollars



Capital Expenditures and Depreciation

in millions of dollars

capital expenditures
 depreciation



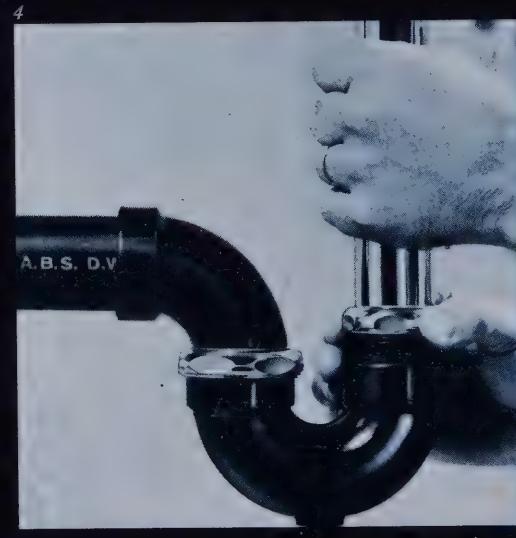
Polymer Corporation Limited and subsidiary companies

Consolidated results	1966	1965	1964
Net sales and other income	127,538	117,503	114,291
Expenses	113,989	104,616	100,548
Income taxes	2,328	2,584	4,293
Net income	11,221	10,303	9,450
Dividends	4,500	4,500	4,000
Net income retained in the business	6,721	5,803	5,450
Cash generation	23,010	21,547	19,584
Capital expenditures	26,338	8,877	7,810
Depreciation provided	8,658	8,829	8,929
Net income % of net sales and other income	8.8	8.8	8.3
Financial position			
Net assets			
Current assets	75,914	72,049	67,216
Current liabilities	33,599	20,091	21,730
Working capital	42,315	51,958	45,486
Plant at cost	187,960	163,008	156,226
Less accumulated depreciation	112,539	102,845	94,356
Net plant	75,421	60,163	61,870
Investment in other companies	6,528	4,297	2,784
Deferred charges	5,809	4,843	5,881
	130,073	121,261	116,021
Financed by			
Capital stock	30,000	30,000	30,000
Retained earnings	70,319	66,245	60,442
Long term debt	21,957	20,088	21,519
Other	7,797	4,928	4,060
Other data			
Salaries, wages, incentive compensation and employee benefits	29,578	25,621	23,575
Number of employees at year-end	3,911	3,605	3,433
Total rubber and resin production, millions of pounds	593	555	532

Financial review

Thousands of dollars

1963	1962	1961	1960	1959	1958	1957
97,806	87,457	88,514	85,915	60,253	75,540	74,615
83,188	68,408	68,452	66,414	53,942	63,095	61,357
5,480	8,765	9,842	9,650	2,621	6,068	6,435
9,138	10,284	10,220	9,851	3,690	6,377	6,823
3,250	3,000	3,000	3,000	3,000	4,000	4,000
5,888	7,284	7,220	6,851	690	2,377	2,823
18,142	18,111	16,756	14,607	8,919	11,731	11,982
18,267	23,960	10,588	4,170	2,703	5,820	6,598
7,341	5,382	5,496	4,740	5,192	5,332	5,002
9.3	11.8	11.5	11.5	6.1	8.4	9.1
58,560	46,507	46,449	46,617	32,861	31,785	28,870
26,920	16,010	10,464	13,554	7,415	9,345	8,376
31,640	30,497	35,985	33,063	25,446	22,440	20,494
151,256	133,619	110,102	100,044	96,276	93,959	88,732
85,570	78,596	73,646	68,655	64,300	59,457	54,696
65,686	55,023	36,456	31,389	31,976	34,502	34,036
220						
6,813	5,135	1,293	218	328	118	153
104,359	90,655	73,734	64,670	57,750	57,060	54,683
30,000	30,000	30,000	30,000	30,000	30,000	30,000
54,992	49,105	41,820	34,600	27,750	27,060	24,683
15,384	7,817	626				
3,983	3,733	1,288	70			
21,699	19,222	17,280	16,383	13,152	15,505	14,361
3,310	2,972	2,703	2,629	2,664	2,769	2,713
436	370	361	351	220	296	293



1. A mattress of POLYSAR foam latex offers comfort, easy handling and long life. 2. This newly developed liquid polymer can be cured at room temperature to a high quality rubber. 3. Polymer's new thermoplastic material provides a light, durable fracture support that can be formed directly over the skin. 4. POLYSAR ABS for pipe systems is light, easily installed and non-corrosive.

POLYSAR products—new fields of opportunity

The road from yesterday's idea to tomorrow's new product is not an easy road. But it's one familiar to Polymer employees; they have travelled it many times in the last twenty-five years.

As a result, the years have brought a steady addition to the line of products marketed around the world under the trademark POLYSAR. Although general purpose styrene-butadiene rubber still ranks first in Polymer's sales of synthetic rubber, the Company has diversified its product line so that it now embraces ten different "families" of rubber, latex and plastics. In 1945, the Company manufactured three single types of rubber.

Some of the more recent product developments are far removed from the traditional uses of synthetic rubber such as tires, footwear and conveyor belts. Instead they are opening up exciting new opportunities in such fields as medicine, construction, sports, home furnishings and transportation.

One of Polymer's newest products has been hailed by a number of leading medical centres in North America and Europe as an important contribution to the specialized field of orthopedics and prosthetics. The product, a thermoplastic rubber, is designed for orthopedic appliances and splints traditionally served by plaster of Paris and other materials. It has also been found to be an almost ideal material for supporting artificial limbs and for fashioning special bracing, corrective casts and orthopedic chairs. Light weight, extremely durable and easy to clean, the new material need only be softened by heat and custom-molded directly over the skin.

POLYSAR ABS, though not a brand new product, marked Polymer's entry into the growing plastic market. A terpolymer of acrylonitrile, butadiene and styrene, this POLYSAR resin has versatility and a unique balance of important physical properties. It can be electroplated, vacuum-metallized, lacquered, printed, and otherwise decorated by a variety of processes. The material is being specified for such items as automotive compo-

nents, home appliances, luggage, plumbing systems and telephones.

Polymer has long been a major producer of latex for foam rubber and tire cord. Today, however, POLYSAR latices are in wide use in a broad range of applications. More than a dozen grades are now in use by industries such as textiles, adhesives, clothing and paper. Of special importance will be the role played by some of these newer POLYSAR latices, particularly carboxylated grades, in rug backing adhesives and spread foam latex for clothing and carpet cushioning. This report is printed on paper coated with POLYSAR latex.

Butyl has been a familiar workhorse in the synthetic rubber world for more than twenty-five years, particularly as the major rubber for automobile and truck tire inner tubes. Recently, however, POLYSAR butyl has been used in a completely new application—waterproofing membrane. Membranes made of butyl are impermeable, elastic, flexible over a wide range of temperatures, tough, and easy to install. These are just the qualities architects and engineers have been looking for to overcome the limitations of other construction materials. Today, membranes made of POLYSAR butyl are solving many problems on rail and road bridges, roofs, in ornamental pools, water storage reservoirs and irrigation canals.

Other product developments include cross-linked butyl which offers unique advantages in the manufacture of automotive and construction sealant tapes; high molecular weight butyl which can be used as a plastic modifier; new polyacrylate rubbers for automotive oil seals; an isoprene-acrylonitrile rubber for adhesives, milking machine inflations and rubber thread; and new grades of butadiene-acrylonitrile rubbers for easier compounding of oil-resistant synthetic rubber articles. Polymer is also working on the development of liquid polymers, some of which can be cured at room temperatures. Possible applications for these new polymers are sealing compounds, encapsulating materials, pharmaceutical goods and many others still to be imagined.



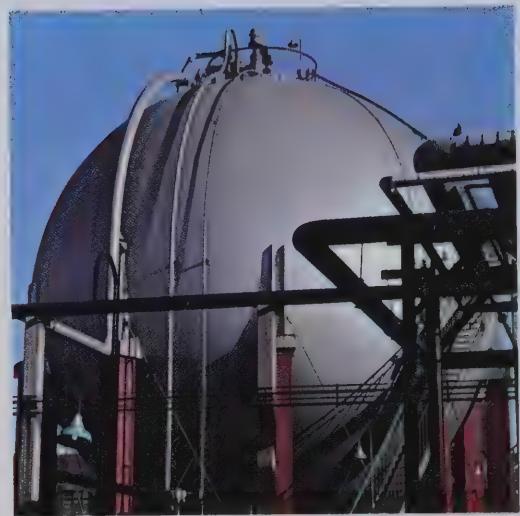
To Polymer people . . . everywhere

*Twenty-five years is a long time . . .
long enough to separate a generation . . .
long enough for a company to be born
into existence and establish itself . . .
long enough to be able to look back and
review the prime ingredients
that have meant success along the way.*

*' The pipes and tanks and spheres,
the towers of steel, the coal and chemicals—
some might say they were the big factors
in a quarter century of development.*

*But a company needs more than
structures and raw materials. It needs
vitality and life and meaning.
For Polymer, the real story lies in its people.
People who have offered and given
much of their lifetime . . . their
hopes, their ideas, their sweat and energy,
more than half their waking hours . . .
and, in turn, have given life and meaning
to the Company's activities.*





On the pages of this review, you see some of those people, and only a representative few, who have helped our Company expand and now sell its products to over ninety countries of the world. With literally thousands of people involved in such an operation, it is difficult to give specific recognition to all in such limited space.

Thousands of people have aided Polymer in making significant contributions to the rubber industries of the world. As well, they have helped provide to the peoples of far-flung countries products for better health, safety, security and enjoyment of life.

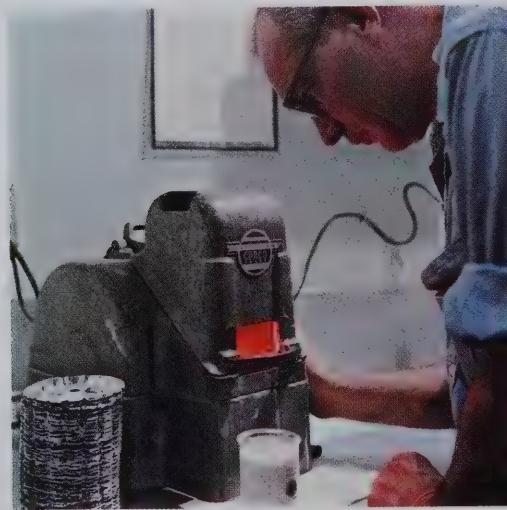
There is a diverse character associated with Polymer people and those who work with the various subsidiary companies and organizations. It is difficult to put a finger on it exactly.

Perhaps it is due to the mixing of peoples of many nationalities: Canadian, French, Swiss, Belgian, Mexican, American, Japanese, British and many, many more.

The pride which each brings from his cultural background; the variety of educational environments and scope; the pleasing characteristics which are an added bonus from each nationality; the merging of numerous philosophies . . . all come together for a strong and active, and yet understanding, kind of people.

The Polymer family of people, around the world, is highly respected, not only for know-how and ability, but also for an attitude toward working hard.

In order to capture this world-wide "family" portrait, for example, we did it while people were at work.





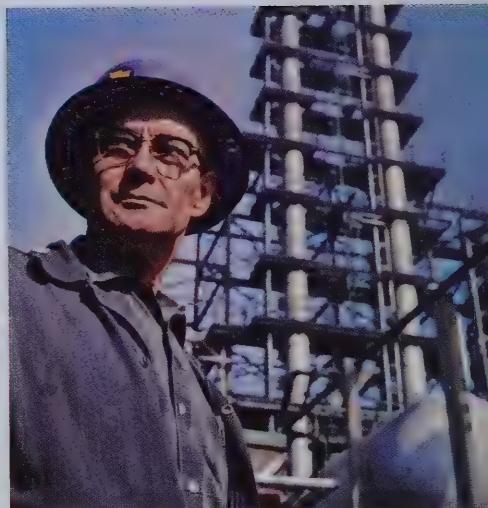
Since the early days in 1942, when the Sarnia landscape at Polymer was only scrub brush and mud, to present day when plant facilities at Strasbourg, Antwerp and Sarnia are adding new dimension to the skyline, and POLYSAR sales and service offices are humming throughout the world, Polymer people have continued to make that extra effort . . . to work a little harder to meet a deadline, to work a little more diligently to get some project completed, to move a little faster in making a decision, to think a lot smarter about getting the job done . . . and done successfully.

And it's still going on and primarily through personal initiative.

The salesman who digs a little deeper to help a customer solve a rubber recipe problem . . . the instrument mechanic who figures a better way to make a control valve work . . . the accountant who becomes a little more concerned about analyzing a certain report . . . the stenographer who makes sure that a contract has been double-checked for accuracy . . . the welder who plans his daily activities to save time and materials . . . the research chemist who can't help figuring out some polymer structure while grabbing a bite of lunch . . .

Yes, the lamp burns long at Polymer.

These are typical kinds of effort which have added to the character and maturity of the Company, and its associates, the wide-world over.





*It has been a great twenty-five years, since that
February day when it all began. Many believe that the next
twenty-five years may be an even greater challenge.*

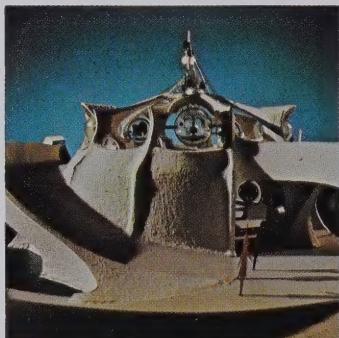
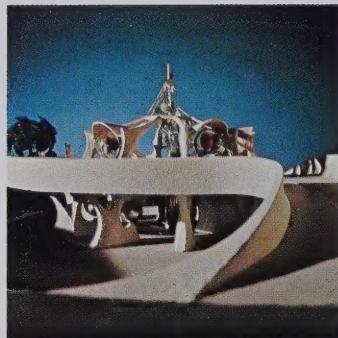
*That means that people will play an even more important role.
New products, new customers, new countries, new plants, new problems,
will require new thinking—new planning—new action . . . by people.*

*The effort . . . the hard thinking . . . the extra mile . . .
No one has questioned how much, how long, or how hard. It's just been
done as "part of the job." Sometimes even without a "thank you"
because we've been so busy . . . busy for twenty-five years.*

*And now it is right that we pause before we go on,
to say to our people everywhere . . .*

Thank you . . . well done.

Curiosity—A way of looking at things



“Curiosity is a way of looking at things.” This is the theme of the Polymer pavilion at Expo 67, the World Exhibition being staged in Montreal during Canada’s Centennial year.

Polymer’s pavilion is a fascinating structure illustrating through ingeniously created exhibits, the effect which inherent curiosity has had in bettering life for “Man and His World,” and the specific part that Polymer’s curiosity plays.

The pavilion is unique and jewel-like among the scores of others at this international show. Its sparkling central sculpture is a towering mobile, built of steel and aluminum—the abstraction of a polymer molecule.

Polymer Corporation and its people are proud to be at Expo 67 and to present our story as a tribute to this important anniversary event.

Expo 67 comes at a time of real significance to the Company as we celebrate our own twenty-fifth birthday.





25 Years of Imaginative Service